

Senate Amendment 3319

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1 1 Amend Senate File 453 as follows:
1 2 #1. Page 37, by inserting before line 6 the
1 3 following:
1 4 1 5 IOWA LOTTERY AUTHORITY
1 6 Sec. _____. NEW SECTION. 99G.1 TITLE.
1 7 This chapter may be cited as the "Iowa Lottery
1 8 Authority Act".
1 9 Sec. _____. NEW SECTION. 99G.2 STATEMENT OF
1 10 PURPOSE AND INTENT.
1 11 The general assembly finds and declares the
1 12 following:
1 13 1. That net proceeds of lottery games conducted
1 14 pursuant to this chapter should be transferred to the
1 15 general fund of the state in support of a variety of
1 16 programs and services.
1 17 2. That lottery games are an entrepreneurial
1 18 enterprise and that the state should create a public
1 19 instrumentality of the state in the form of a
1 20 nonprofit authority known as the Iowa lottery
1 21 authority with comprehensive and extensive powers to
1 22 operate a state lottery in an entrepreneurial and
1 23 businesslike manner and which is accountable to the
1 24 governor, the general assembly, and the people of the
1 25 state through a system of audits, reports, legislative
1 26 oversight, and thorough financial disclosure as
1 27 required by this chapter.
1 28 3. That lottery games shall be operated and
1 29 managed in a manner that provides continuing
1 30 entertainment to the public, maximizes revenues, and
1 31 ensures that the lottery is operated with integrity
1 32 and dignity and free from political influence.
1 33 Sec. _____. NEW SECTION. 99G.3 DEFINITIONS.
1 34 As used in this chapter, unless the context clearly
1 35 requires otherwise:
1 36 1. "Administrative expenses" includes, but is not
1 37 limited to, personnel costs, travel, purchase of
1 38 equipment and all other expenses not directly
1 39 associated with the operation or sale of a game.
1 40 2. "Authority" means the Iowa lottery authority.
1 41 3. "Board" means the board of directors of the
1 42 authority.
1 43 4. "Chief executive officer" means the chief
1 44 executive officer of the authority.
1 45 5. "Game specific rules" means rules governing the
1 46 particular features of specific games, including, but
1 47 not limited to, setting the name, ticket price, prize
1 48 structure, and prize claim period of the game.
1 49 6. "Instant lottery" or "instant ticket" means a
1 50 game that offers preprinted tickets such that when a
2 1 protective coating is scratched or scraped away, it
2 2 indicates immediately whether the player has won.
2 3 7. "Lottery", "lotteries", "lottery game",
2 4 "lottery games" or "lottery products" means any game
2 5 of chance approved by the board and operated pursuant
2 6 to this chapter and games using mechanical or
2 7 electronic devices, provided that the authority shall
2 8 not authorize a player-activated gaming machine that
2 9 utilizes an internal randomizer to determine winning
2 10 and nonwinning plays and that upon random internal
2 11 selection of a winning play dispenses coins, currency,
2 12 or a ticket, credit, or token to the player that is
2 13 redeemable for cash or a prize, and excluding gambling
2 14 or gaming conducted pursuant to chapter 99B, 99D, or
2 15 99F.
2 16 8. "Major procurement contract" means a consulting
2 17 agreement or a contract with a business organization
2 18 for the printing of tickets or the purchase or lease
2 19 of equipment or services essential to the operation of
2 20 a lottery game.
2 21 9. "Net proceeds" means all revenue derived from
2 22 the sale of lottery tickets or shares and all other
2 23 moneys derived from the lottery, less operating
2 24 expenses.
2 25 10. "On=line lotto" means a lottery game connected

2 26 to a central computer via telecommunications in which
2 27 the player selects a specified group of numbers,
2 28 symbols, or characters out of a predetermined range.
2 29 11. "Operating expenses" means all costs of doing
2 30 business, including, but not limited to, prizes and
2 31 associated prize reserves, computerized gaming system
2 32 vendor expense, instant and pull=tab ticket expense,
2 33 and other expenses directly associated with the
2 34 operation or sale of any game, compensation paid to
2 35 retailers, advertising and marketing costs, and
2 36 administrative expenses.
2 37 12. "Pull=tab ticket" or "pull=tab" means a game
2 38 that offers preprinted paper tickets with the play
2 39 data hidden beneath a protective tab or seal that when
2 40 opened reveals immediately whether the player has won.
2 41 13. "Retailer" means a person, licensed by the
2 42 authority, who sells lottery tickets or shares on
2 43 behalf of the authority pursuant to a contract.
2 44 14. "Share" means any intangible evidence of
2 45 participation in a lottery game.
2 46 15. "Ticket" means any tangible evidence issued by
2 47 the lottery to provide participation in a lottery
2 48 game.
2 49 16. "Vendor" means a person who provides or
2 50 proposes to provide goods or services to the authority
3 1 pursuant to a major procurement contract, but does not
3 2 include an employee of the authority, a retailer, or a
3 3 state agency or instrumentality thereof.
3 4 Sec. _____. NEW SECTION. 99G.4 IOWA LOTTERY
3 5 AUTHORITY CREATED.
3 6 1. An Iowa lottery authority is created, effective
3 7 September 1, 2003, which shall administer the state
3 8 lottery. The authority shall be deemed to be a public
3 9 authority and an instrumentality of the state, and not
3 10 a state agency. However, the authority shall be
3 11 considered a state agency for purposes of chapters
3 12 17A, 21, 22, 28E, 68B, 91B, 97B, 509A, and 669.
3 13 2. The income and property of the authority shall
3 14 be exempt from all state and local taxes, and the sale
3 15 of lottery tickets and shares issued and sold by the
3 16 authority and its retail licensees shall be exempt
3 17 from all state and local sales taxes.
3 18 Sec. _____. NEW SECTION. 99G.5 CHIEF EXECUTIVE
3 19 OFFICER.
3 20 The chief executive officer of the authority shall
3 21 be appointed by the governor subject to confirmation
3 22 by the senate and shall serve a four-year term of
3 23 office beginning and ending as provided in section
3 24 69.19. The chief executive officer shall be qualified
3 25 by training and experience to manage a lottery. The
3 26 governor may remove the chief executive officer for
3 27 malfeasance in office, or for any cause that renders
3 28 the chief executive officer ineligible, incapable, or
3 29 unfit to discharge the duties of the office.
3 30 Compensation and employment terms of the chief
3 31 executive officer shall be set by the governor, taking
3 32 into consideration the officer's level of education
3 33 and experience, as well as the success of the lottery.
3 34 The chief executive officer shall be an employee of
3 35 the authority and shall direct the day-to-day
3 36 operations and management of the authority and be
3 37 vested with such powers and duties as specified by the
3 38 board and by law.
3 39 Sec. _____. NEW SECTION. 99G.6 POWER TO ADMINISTER
3 40 OATHS AND TAKE TESTIMONY == SUBPOENA.
3 41 The chief executive officer or the chief executive
3 42 officer's designee if authorized to conduct an
3 43 inquiry, investigation, or hearing under this chapter
3 44 may administer oaths and take testimony under oath
3 45 relative to the matter of inquiry, investigation, or
3 46 hearing. At a hearing ordered by the chief executive
3 47 officer, the chief executive officer or the designee
3 48 may subpoena witnesses and require the production of
3 49 records, paper, or documents pertinent to the hearing.
3 50 Sec. _____. NEW SECTION. 99G.7 DUTIES OF THE CHIEF
4 1 EXECUTIVE OFFICER.
4 2 1. The chief executive officer of the authority
4 3 shall direct and supervise all administrative and
4 4 technical activities in accordance with the provisions
4 5 of this chapter and with the administrative rules,
4 6 policies, and procedures adopted by the board. The

4 7 chief executive officer shall do all of the following:
4 8 a. Facilitate the initiation and supervise and
4 9 administer the operation of the lottery games.
4 10 b. Employ an executive vice president, who shall
4 11 act as chief executive officer in the absence of the
4 12 chief executive officer, and employ and direct other
4 13 such personnel as deemed necessary.
4 14 c. Contract with and compensate such persons and
4 15 firms as deemed necessary for the operation of the
4 16 lottery.
4 17 d. Promote or provide for promotion of the lottery
4 18 and any functions related to the authority.
4 19 e. Prepare a budget for the approval of the board.
4 20 f. Require bond from such retailers and vendors in
4 21 such amounts as required by the board.
4 22 g. Report semiannually to the legislative
4 23 government oversight committees regarding the
4 24 operations of the authority.
4 25 h. Report quarterly and annually to the board, the
4 26 governor, the auditor of state, and the general
4 27 assembly a full and complete statement of lottery
4 28 revenues and expenses for the preceding quarter, and
4 29 with respect to the annual report, for the preceding
4 30 year and transfer proceeds to the general fund within
4 31 thirty days following the end of the quarter.
4 32 i. Perform other duties generally associated with
4 33 a chief executive officer of an authority of an
4 34 entrepreneurial nature.
4 35 2. The chief executive officer shall conduct an
4 36 ongoing study of the operation and administration of
4 37 lottery laws similar to this chapter in other states
4 38 or countries, of available literature on the subject,
4 39 of federal laws and regulations which may affect the
4 40 operation of the lottery and of the reaction of
4 41 citizens of this state to existing or proposed
4 42 features of lottery games with a view toward
4 43 implementing improvements that will tend to serve the
4 44 purposes of this chapter.
4 45 3. The chief executive officer may for good cause
4 46 suspend, revoke, or refuse to renew any contract
4 47 entered into in accordance with the provisions of this
4 48 chapter or the administrative rules, policies, and
4 49 procedures of the board.
4 50 4. The chief executive officer or the chief
5 1 executive officer's designee may conduct hearings and
5 2 administer oaths to persons for the purpose of
5 3 assuring the security or integrity of lottery
5 4 operations or to determine the qualifications of or
5 5 compliance by vendors and retailers.
5 6 Sec. _____. NEW SECTION. 99G.8 BOARD OF DIRECTORS.
5 7 1. The authority shall be administered by a board
5 8 of directors comprised of five members appointed by
5 9 the governor subject to confirmation by the senate.
5 10 Board members appointed when the senate is not in
5 11 session shall serve only until the end of the next
5 12 regular session of the general assembly, unless
5 13 confirmed by the senate.
5 14 2. Board members shall serve staggered terms of
5 15 four years beginning and ending as provided in section
5 16 69.19. No more than three board members shall be from
5 17 the same political party.
5 18 3. Board members may be removed by the governor
5 19 for neglect of duty, misfeasance, or nonfeasance in
5 20 office.
5 21 4. No officer or employee of the authority shall
5 22 be a member of the board.
5 23 5. Board members shall be residents of the state
5 24 of Iowa, shall be prominent persons in their
5 25 respective businesses or professions, and shall not
5 26 have been convicted of any felony offense. Of the
5 27 members appointed, the governor shall appoint to the
5 28 board an attorney admitted to the practice of law in
5 29 Iowa, an accountant, a person who is or has been a law
5 30 enforcement officer, and a person having expertise in
5 31 marketing.
5 32 6. A majority of members in office shall
5 33 constitute a quorum for the transaction of any
5 34 business and for the exercise of any power or function
5 35 of the authority.
5 36 7. Action may be taken and motions and resolutions
5 37 adopted by the board at any meeting thereof by the

5 38 affirmative vote of a majority of present and voting
5 39 board members.

5 40 8. No vacancy in the membership of the board shall
5 41 impair the right of the members to exercise all the
5 42 powers and perform all the duties of the board.

5 43 9. Board members shall be considered to hold
5 44 public office and shall give bond as such as required
5 45 in chapter 64.

5 46 10. Board members shall be entitled to receive a
5 47 per diem as specified in section 7E.6 for each day
5 48 spent in performance of duties as members, and shall
5 49 be reimbursed for all actual and necessary expenses
5 50 incurred in the performance of their official duties
6 1 as members. No person who serves as a member of the
6 2 board shall by reason of such membership be eligible
6 3 for membership in the Iowa public employees'
6 4 retirement system and service on the board shall not
6 5 be eligible for service credit for any public
6 6 retirement system.

6 7 11. The board shall meet at least quarterly and at
6 8 such other times upon call of the chairperson or the
6 9 president. Notice of the time and place of each board
6 10 meeting shall be given to each member. The board
6 11 shall also meet upon call of three or more of the
6 12 board members. The board shall keep accurate and
6 13 complete records of all its meetings.

6 14 12. Meetings of the board shall be governed by the
6 15 provisions of chapter 21.

6 16 13. Board members shall not have any direct or
6 17 indirect interest in an undertaking that puts their
6 18 personal interest in conflict with that of the
6 19 authority, including, but not limited to, an interest
6 20 in a major procurement contract or a participating
6 21 retailer.

6 22 14. The members shall elect from their membership
6 23 a chairperson and vice chairperson.

6 24 15. The board of directors may delegate to the
6 25 chief executive officer of the authority such powers
6 26 and duties as it may deem proper to the extent such
6 27 delegation is not inconsistent with the Constitution
6 28 of this state.

6 29 Sec. _____. NEW SECTION. 99G.9 BOARD DUTIES.

6 30 The board shall provide the chief executive officer
6 31 with private-sector perspectives of a large marketing
6 32 enterprise. The board shall do all of the following:

6 33 1. Approve, disapprove, amend, or modify the
6 34 budget recommended by the chief executive officer for
6 35 the operation of the authority.

6 36 2. Approve, disapprove, amend, or modify the terms
6 37 of major lottery procurements recommended by the chief
6 38 executive officer.

6 39 3. Adopt policies and procedures and promulgate
6 40 administrative rules pursuant to chapter 17A relating
6 41 to the management and operation of the authority. The
6 42 administrative rules promulgated pursuant to this
6 43 subsection may include but shall not be limited to the
6 44 following:

6 45 a. The type of games to be conducted.

6 46 b. The sale price of tickets or shares and the
6 47 manner of sale, including but not limited to
6 48 authorization of sale of tickets or shares at a
6 49 discount for marketing purposes, provided, however,
6 50 that a retailer may accept payment by cash, check,
7 1 money order, debit card, or electronic funds transfer
7 2 and shall not extend or arrange credit for the
7 3 purchase of a ticket or share. As used in this
7 4 section, "cash" means United States currency.

7 5 c. The number and amount of prizes, including but
7 6 not limited to prizes of free tickets or shares in
7 7 lottery games conducted by the authority and
7 8 merchandise prizes. The authority shall maintain and
7 9 make available for public inspection at its offices
7 10 during regular business hours a detailed listing of
7 11 the estimated number of prizes of each particular
7 12 denomination that are expected to be awarded in any
7 13 game that is on sale or the estimated odds of winning
7 14 the prizes and, after the end of the claim period,
7 15 shall maintain and make available a listing of the
7 16 total number of tickets or shares sold in a game and
7 17 the number of prizes of each denomination that were
7 18 awarded.

7 19 d. The method and location of selecting or
7 20 validating winning tickets or shares.
7 21 e. The manner and time of payment of prizes, which
7 22 may include lump-sum payments or installments over a
7 23 period of years.
7 24 f. The manner of payment of prizes to the holders
7 25 of winning tickets or shares after performing
7 26 validation procedures appropriate to the game and as
7 27 specified by the board.
7 28 g. The frequency of games and drawings or
7 29 selection of winning tickets or shares.
7 30 h. The means of conducting drawings, provided that
7 31 drawings shall be open to the public and witnessed by
7 32 an independent certified public accountant. Equipment
7 33 used to select winning tickets or shares or
7 34 participants for prizes shall be examined by an
7 35 independent certified public accountant prior to and
7 36 after each drawing.
7 37 i. The manner and amount of compensation to
7 38 lottery retailers.
7 39 j. The engagement and compensation of audit
7 40 services.
7 41 k. Any and all other matters necessary, desirable,
7 42 or convenient toward ensuring the efficient and
7 43 effective operation of lottery games, the continued
7 44 entertainment and convenience of the public, and the
7 45 integrity of the lottery.

7 46 4. Adopt game specific rules. The promulgation of
7 47 game specific rules shall not be subject to the
7 48 requirements of chapter 17A. However, game specific
7 49 rules shall be made available to the public prior to
7 50 the time the games go on sale and shall be kept on
8 1 file at the office of the authority.

8 2 5. Perform such other functions as specified by
8 3 this chapter.

8 4 Sec. _____. NEW SECTION. 99G.10 AUTHORITY
8 5 PERSONNEL.

8 6 1. All employees of the authority shall be
8 7 considered public employees.

8 8 2. Subject to the approval of the board, the chief
8 9 executive officer shall have the sole power to
8 10 designate particular employees as key personnel, but
8 11 may take advice from the department of personnel in
8 12 making any such designations. All key personnel shall
8 13 be exempt from the merit system described in chapter
8 14 19A. The chief executive officer and the board shall
8 15 have the sole power to employ, classify, and fix the
8 16 compensation of key personnel. All other employees
8 17 shall be employed, classified, and compensated in
8 18 accordance with chapters 19A and 20.

8 19 3. The chief executive officer and the board shall
8 20 have the exclusive power to determine the number of
8 21 full-time equivalent positions, as defined in chapter
8 22 8, necessary to carry out the provisions of this
8 23 chapter.

8 24 4. The chief executive officer shall have the sole
8 25 responsibility to assign duties to all authority
8 26 employees.

8 27 5. The authority may establish incentive programs
8 28 for authority employees.

8 29 6. An employee of the authority shall not have a
8 30 financial interest in any vendor doing business or
8 31 proposing to do business with the authority. However,
8 32 an employee may own shares of a mutual fund which may
8 33 hold shares of a vendor corporation provided the
8 34 employee does not have the ability to influence the
8 35 investment functions of the mutual fund.

8 36 7. An employee of the authority with decision=
8 37 making authority shall not participate in any decision
8 38 involving a retailer with whom the employee has a
8 39 financial interest.

8 40 8. A background investigation shall be conducted
8 41 by the department of public safety, division of
8 42 criminal investigation, on each applicant who has
8 43 reached the final selection process prior to
8 44 employment by the authority. For positions not
8 45 designated as sensitive by the board, the
8 46 investigation may consist of a state criminal history
8 47 background check, work history, and financial review.
8 48 The board shall identify those sensitive positions of
8 49 the authority which require full background

8 50 investigations, which positions shall include, at a
9 1 minimum, any officer of the authority, and any
9 2 employee with operational management responsibilities,
9 3 security duties, or system maintenance or programming
9 4 responsibilities related to the authority's data
9 5 processing or network hardware, software,
9 6 communication, or related systems. In addition to a
9 7 work history and financial review, a full background
9 8 investigation may include a national criminal history
9 9 record check through the federal bureau of
9 10 investigation. The screening of employees through the
9 11 federal bureau of investigation shall be conducted by
9 12 submission of fingerprints through the state criminal
9 13 history record repository to the federal bureau of
9 14 investigation. The results of background
9 15 investigations conducted pursuant to this section
9 16 shall not be considered public records under chapter
9 17 22.

9 18 9. A person who has been convicted of a felony or
9 19 bookmaking or other form of illegal gambling or of a
9 20 crime involving moral turpitude shall not be employed
9 21 by the authority.

9 22 10. The authority shall bond authority employees
9 23 with access to authority funds or lottery revenue in
9 24 such an amount as provided by the board and may bond
9 25 other employees as deemed necessary.

9 26 Sec. _____. NEW SECTION. 99G.11 CONFLICTS OF
9 27 INTEREST.

9 28 1. A member of the board, any officer, or other
9 29 employee of the authority shall not directly or
9 30 indirectly, individually, as a member of a partnership
9 31 or other association, or as a shareholder, director,
9 32 or officer of a corporation have an interest in a
9 33 business that contracts for the operation or marketing
9 34 of the lottery as authorized by this chapter, unless
9 35 the business is controlled or operated by a consortium
9 36 of lotteries in which the authority has an interest.

9 37 2. Notwithstanding the provisions of chapter 68B,
9 38 a person contracting or seeking to contract with the
9 39 state to supply gaming equipment or materials for use
9 40 in the operation of the lottery, an applicant for a
9 41 license to sell tickets or shares in the lottery, or a
9 42 retailer shall not offer a member of the board, any
9 43 officer, or other employee of the authority, or a
9 44 member of their immediate family a gift, gratuity, or
9 45 other thing having a value of more than the limits
9 46 established in chapter 68B, other than food and
9 47 beverage consumed at a meal. For purposes of this
9 48 subsection, "member of their immediate family" means a
9 49 spouse, child, stepchild, brother, brother-in-law,
9 50 stepbrother, sister, sister-in-law, stepsister,

10 1 parent, parent-in-law, or step-parent of the board
10 2 member, the officer, or other employee who resides in
10 3 the same household in the same principal residence of
10 4 the board member, officer, or other employee.

10 5 3. If a board member, officer, or other employee
10 6 of the authority violates a provision of this section,
10 7 the board member, officer, or employee shall be
10 8 immediately removed from the office or position.

10 9 4. Enforcement of this section against a board
10 10 member, officer, or other employee shall be by the
10 11 attorney general who upon finding a violation shall
10 12 initiate an action to remove the board member,
10 13 officer, or employee.

10 14 5. A violation of this section is a serious
10 15 misdemeanor.

10 16 Sec. _____. NEW SECTION. 99G.21 AUTHORITY POWERS,
10 17 TRANSFER OF ASSETS, LIABILITIES, AND OBLIGATIONS.

10 18 1. Funds of the state shall not be used or
10 19 obligated to pay the expenses or prizes of the
10 20 authority.

10 21 2. The authority shall have any and all powers
10 22 necessary or convenient to carry out and effectuate
10 23 the purposes and provisions of this chapter which are
10 24 not in conflict with the Constitution of this state,
10 25 including, but without limiting the generality of the
10 26 foregoing, the following powers:

- 10 27 a. To sue and be sued and to complain and defend
- 10 28 in all courts.
- 10 29 b. To adopt and alter a seal.
- 10 30 c. To procure or to provide insurance.

10 31 d. To hold copyrights, trademarks, and service
10 32 marks and enforce its rights with respect thereto.
10 33 e. To initiate, supervise, and administer the
10 34 operation of the lottery in accordance with the
10 35 provisions of this chapter and administrative rules,
10 36 policies, and procedures adopted pursuant thereto.
10 37 f. To enter into written agreements with one or
10 38 more other states or territories of the United States,
10 39 or one or more political subdivisions of another state
10 40 or territory of the United States, or any entity
10 41 lawfully operating a lottery outside the United States
10 42 for the operation, marketing, and promotion of a joint
10 43 lottery or joint lottery game. For the purposes of
10 44 this subsection, any lottery with which the authority
10 45 reaches an agreement or compact shall meet the
10 46 criteria for security, integrity, and finance set by
10 47 the board.
10 48 g. To conduct such market research as is necessary
10 49 or appropriate, which may include an analysis of the
10 50 demographic characteristics of the players of each
11 1 lottery game, and an analysis of advertising,
11 2 promotion, public relations, incentives, and other
11 3 aspects of communication.
11 4 h. Subject to the provisions of subsection 3, to
11 5 acquire or lease real property and make improvements
11 6 thereon and acquire by lease or by purchase, personal
11 7 property, including, but not limited to, computers;
11 8 mechanical, electronic, and on-line equipment and
11 9 terminals; and intangible property, including, but not
11 10 limited to, computer programs, systems, and software.
11 11 i. Subject to the provisions of subsection 3, to
11 12 enter into contracts to incur debt in its own name and
11 13 enter into financing agreements with the state,
11 14 agencies or instrumentalities of the state, or with
11 15 any commercial bank or credit provider.
11 16 j. To select and contract with vendors and
11 17 retailers.
11 18 k. To enter into contracts or agreements with
11 19 state or local law enforcement agencies for the
11 20 performance of law enforcement, background
11 21 investigations, and security checks.
11 22 l. To enter into contracts of any and all types on
11 23 such terms and conditions as the authority may
11 24 determine necessary.
11 25 m. To establish and maintain banking
11 26 relationships, including, but not limited to,
11 27 establishment of checking and savings accounts and
11 28 lines of credit.
11 29 n. To advertise and promote the lottery and
11 30 lottery games.
11 31 o. To act as a retailer, to conduct promotions
11 32 which involve the dispensing of lottery tickets or
11 33 shares, and to establish and operate a sales facility
11 34 to sell lottery tickets or shares and any related
11 35 merchandise.
11 36 p. Notwithstanding any other provision of law to
11 37 the contrary, to purchase meals for attendees at
11 38 authority business meetings.
11 39 q. To exercise all powers generally exercised by
11 40 private businesses engaged in entrepreneurial
11 41 pursuits, unless the exercise of such a power would
11 42 violate the terms of this chapter or of the
11 43 Constitution of this state.
11 44 3. Notwithstanding any other provision of law, any
11 45 purchase of real property and any borrowing of more
11 46 than one million dollars by the authority shall
11 47 require written notice from the authority to the
11 48 legislative government oversight committees and the
11 49 prior approval of the executive council.
11 50 4. The powers enumerated in this section are
12 1 cumulative of and in addition to those powers
12 2 enumerated elsewhere in this chapter and no such
12 3 powers limit or restrict any other powers of the
12 4 authority.
12 5 5. Departments, boards, commissions, or other
12 6 agencies of this state shall provide reasonable
12 7 assistance and services to the authority upon the
12 8 request of the chief executive officer.
12 9 Sec. _____. NEW SECTION. 99G.22 VENDOR BACKGROUND
12 10 REVIEW.
12 11 1. The authority shall investigate the financial

responsibility, security, and integrity of any lottery system vendor who is a finalist in submitting a bid, proposal, or offer as part of a major procurement contract. Before a major procurement contract is awarded, the division of criminal investigation of the department of public safety shall conduct a background investigation of the vendor to whom the contract is to be awarded. The chief executive officer and board shall consult with the division of criminal investigation and shall provide for the scope of the background investigation and due diligence to be conducted in connection with major procurement contracts. At the time of submitting a bid, proposal, or offer to the authority on a major procurement contract, the authority shall require that each vendor submit to the division of criminal investigation appropriate investigation authorization to facilitate this investigation, together with an advance of funds to meet the anticipated investigation costs. If the division of criminal investigation determines that additional funds are required to complete an investigation, the vendor will be so advised. The background investigation by the division of criminal investigation may include a national criminal history record check through the federal bureau of investigation. The screening of vendors or their employees through the federal bureau of investigation shall be conducted by submission of fingerprints through the state criminal history record repository to the federal bureau of investigation.

2. If at least twenty-five percent of the cost of a vendor's contract is subcontracted, the vendor shall disclose all of the information required by this section for the subcontractor as if the subcontractor were itself a vendor.

3. A major procurement contract shall not be entered into with any lottery system vendor who has not complied with the disclosure requirements described in this section, and any contract with such a vendor is voidable at the option of the authority. Any contract with a vendor that does not comply with the requirements for periodically updating such disclosures during the tenure of the contract as may be specified in such contract may be terminated by the authority. The provisions of this section shall be construed broadly and liberally to achieve the ends of full disclosure of all information necessary to allow for a full and complete evaluation by the authority of the competence, integrity, background, and character of vendors for major procurements.

4. A major procurement contract shall not be entered into with any vendor who has been found guilty of a felony related to the security or integrity of the lottery in this or any other jurisdiction.

5. A major procurement contract shall not be entered into with any vendor if such vendor has an ownership interest in an entity that had supplied consultation services under contract to the authority regarding the request for proposals pertaining to those particular goods or services.

6. If, based on the results of a background investigation, the board determines that the best interests of the authority, including but not limited to the authority's reputation for integrity, would be served thereby, the board may disqualify a potential vendor from contracting with the authority for a major procurement contract or from acting as a subcontractor in connection with a contract for a major procurement contract.

Sec. _____. NEW SECTION. 99G.23 VENDOR BONDING, TAX FILING, AND COMPETITIVE BIDDING.

1. The authority may purchase, lease, or lease= purchase such goods or services as are necessary for effectuating the purposes of this chapter. The authority may make procurements that integrate functions such as lottery game design, lottery ticket distribution to retailers, supply of goods and services, and advertising. In all procurement decisions, the authority shall take into account the particularly sensitive nature of the lottery and shall act to promote and ensure security, honesty, fairness,

13 43 and integrity in the operation and administration of
13 44 the lottery and the objectives of raising net proceeds
13 45 for state programs.

13 46 2. Each vendor shall, at the execution of the
13 47 contract with the authority, post a performance bond
13 48 or letter of credit from a bank or credit provider
13 49 acceptable to the authority in an amount as deemed
13 50 necessary by the authority for that particular bid or
14 1 contract.

14 2 3. Each vendor shall be qualified to do business
14 3 in this state and shall file appropriate tax returns
14 4 as provided by the laws of this state.

14 5 4. All major procurement contracts must be
14 6 competitively bid pursuant to policies and procedures
14 7 approved by the board unless there is only one
14 8 qualified vendor and that vendor has an exclusive
14 9 right to offer the service or product.

14 10 Sec. _____. NEW SECTION. 99G.24 RETAILER
14 11 COMPENSATION == LICENSING.

14 12 1. The general assembly recognizes that to conduct
14 13 a successful lottery, the authority must develop and
14 14 maintain a statewide network of lottery retailers that
14 15 will serve the public convenience and promote the sale
14 16 of tickets or shares and the playing of lottery games
14 17 while ensuring the integrity of the lottery
14 18 operations, games, and activities.

14 19 2. The board shall determine the compensation to
14 20 be paid to licensed retailers. Compensation may
14 21 include provision for variable payments based on sales
14 22 volume or incentive considerations.

14 23 3. The authority shall issue a license certificate
14 24 to each person with whom it contracts as a retailer
14 25 for purposes of display as provided in this section.
14 26 Every lottery retailer shall post its license
14 27 certificate, or a facsimile thereof, and keep it
14 28 conspicuously displayed in a location on the premises
14 29 accessible to the public. No license shall be
14 30 assignable or transferable. Once issued, a license
14 31 shall remain in effect until canceled, suspended, or
14 32 terminated by the authority.

14 33 4. A licensee shall cooperate with the authority
14 34 by using point-of-purchase materials, posters, and
14 35 other marketing material when requested to do so by
14 36 the authority. Lack of cooperation is sufficient
14 37 cause for revocation of a retailer's license.

14 38 5. The board shall develop a list of objective
14 39 criteria upon which the qualification of lottery
14 40 retailers shall be based. Separate criteria shall be
14 41 developed to govern the selection of retailers of
14 42 instant tickets and online retailers. In developing
14 43 these criteria, the board shall consider such factors
14 44 as the applicant's financial responsibility, security
14 45 of the applicant's place of business or activity,
14 46 accessibility to the public, integrity, and
14 47 reputation. The criteria shall include but not be
14 48 limited to the volume of expected sales and the
14 49 sufficiency of existing licensees to serve the public
14 50 convenience.

15 1 6. The applicant shall be current in filing all
15 2 applicable tax returns to the state of Iowa and in
15 3 payment of all taxes, interest, and penalties owed to
15 4 the state of Iowa, excluding items under formal appeal
15 5 pursuant to applicable statutes. The department of
15 6 revenue and finance is authorized and directed to
15 7 provide this information to the authority.

15 8 7. A person, partnership, unincorporated
15 9 association, authority, or other business entity shall
15 10 not be selected as a lottery retailer if the person or
15 11 entity meets any of the following conditions:

15 12 a. Has been convicted of a criminal offense
15 13 related to the security or integrity of the lottery in
15 14 this or any other jurisdiction.

15 15 b. Has been convicted of any illegal gambling
15 16 activity, false statements, perjury, fraud, or a
15 17 felony in this or any other jurisdiction.

15 18 c. Has been found to have violated the provisions
15 19 of this chapter or any regulation, policy, or
15 20 procedure of the authority or of the lottery division
15 21 unless either ten years have passed since the
15 22 violation or the board finds the violation both minor
15 23 and unintentional in nature.

15 24 d. Is a vendor or any employee or agent of any
15 25 vendor doing business with the authority.
15 26 e. Resides in the same household as an officer of
15 27 the authority.
15 28 f. Is less than eighteen years of age.
15 29 g. Does not demonstrate financial responsibility
15 30 sufficient to adequately meet the requirements of the
15 31 proposed enterprise.
15 32 h. Has not demonstrated that the applicant is the
15 33 true owner of the business proposed to be licensed and
15 34 that all persons holding at least a ten percent
15 35 ownership interest in the applicant's business have
15 36 been disclosed.
15 37 i. Has knowingly made a false statement of
15 38 material fact to the authority.
15 39 8. Persons applying to become lottery retailers
15 40 may be charged a uniform application fee for each
15 41 lottery outlet.
15 42 9. Any lottery retailer contract executed pursuant
15 43 to this section may, for good cause, be suspended,
15 44 revoked, or terminated by the chief executive officer
15 45 or the chief executive officer's designee if the
15 46 retailer is found to have violated any provision of
15 47 this chapter or objective criteria established by the
15 48 board. Cause for suspension, revocation, or
15 49 termination may include, but is not limited to, sale
15 50 of tickets or shares to a person under the age of
16 1 twenty-one and failure to pay for lottery products in
16 2 a timely manner.
16 3 Sec. _____. NEW SECTION. 99G.25 LICENSE NOT
16 4 ASSIGNABLE.
16 5 Any lottery retailer license certificate or
16 6 contract shall not be transferable or assignable. The
16 7 authority may issue a temporary license when deemed in
16 8 the best interests of the state. A lottery retailer
16 9 shall not contract with any person for lottery goods
16 10 or services, except with the approval of the board.
16 11 Sec. _____. NEW SECTION. 99G.26 RETAILER BONDING.
16 12 The authority may require any retailer to post an
16 13 appropriate bond, as determined by the authority,
16 14 using a cash bond or an insurance company acceptable
16 15 to the authority.
16 16 Sec. _____. NEW SECTION. 99G.27 LOTTERY RETAIL
16 17 LICENSES == CANCELLATION, SUSPENSION, REVOCATION, OR
16 18 TERMINATION.
16 19 1. A lottery retail license issued by the
16 20 authority pursuant to this chapter may be canceled,
16 21 suspended, revoked, or terminated by the authority,
16 22 for reasons including, but not limited to, any of the
16 23 following:
16 24 a. A violation of this chapter, a regulation, or a
16 25 policy or procedure of the authority.
16 26 b. Failure to accurately or timely account or pay
16 27 for lottery products, lottery games, revenues, or
16 28 prizes as required by the authority.
16 29 c. Commission of any fraud, deceit, or
16 30 misrepresentation.
16 31 d. Insufficient sales.
16 32 e. Conduct prejudicial to public confidence in the
16 33 lottery.
16 34 f. The retailer filing for or being placed in
16 35 bankruptcy or receivership.
16 36 g. Any material change as determined in the sole
16 37 discretion of the authority in any matter considered
16 38 by the authority in executing the contract with the
16 39 retailer.
16 40 h. Failure to meet any of the objective criteria
16 41 established by the authority pursuant to this chapter.
16 42 i. Other conduct likely to result in injury to the
16 43 property, revenue, or reputation of the authority.
16 44 2. A lottery retailer license may be temporarily
16 45 suspended by the authority without prior notice if the
16 46 chief executive officer or designee determines that
16 47 further sales by the licensed retailer are likely to
16 48 result in immediate injury to the property, revenue,
16 49 or reputation of the authority.
16 50 3. The board shall adopt administrative rules
17 1 governing appeals of lottery retailer licensing
17 2 disputes.
17 3 Sec. _____. NEW SECTION. 99G.28 PROCEEDS HELD IN
17 4 TRUST.

17 5 All proceeds from the sale of the lottery tickets
17 6 or shares shall constitute a trust fund until paid to
17 7 the authority directly, through electronic funds
17 8 transfer to the authority, or through the authority's
17 9 authorized collection representative. A lottery
17 10 retailer and officers of a lottery retailer's business
17 11 shall have a fiduciary duty to preserve and account
17 12 for lottery proceeds and lottery retailers shall be
17 13 personally liable for all proceeds. Proceeds shall
17 14 include unsold products received but not paid for by a
17 15 lottery retailer and cash proceeds of the sale of any
17 16 lottery products net of allowable sales commissions
17 17 and credit for lottery prizes paid to winners by
17 18 lottery retailers. Sales proceeds of pull-tab tickets
17 19 shall include the sales price of the lottery product
17 20 net of allowable sales commission and prizes contained
17 21 in the product. Sales proceeds and unused instant
17 22 tickets shall be delivered to the authority or its
17 23 authorized collection representative upon demand.

17 24 Sec. ____ NEW SECTION. 99G.29 RETAILER RENTAL
17 25 CALCULATIONS == LOTTERY TICKET SALES TREATMENT.

17 26 If a lottery retailer's rental payments for the
17 27 business premises are contractually computed, in whole
17 28 or in part, on the basis of a percentage of retail
17 29 sales and such computation of retail sales is not
17 30 explicitly defined to include sales of tickets or
17 31 shares in a state-operated or state-managed lottery,
17 32 only the compensation received by the lottery retailer
17 33 from the authority may be considered the amount of the
17 34 lottery retail sale for purposes of computing the
17 35 rental payment.

17 36 Sec. ____ NEW SECTION. 99G.30 TICKET SALES
17 37 REQUIREMENTS == PENALTIES.

17 38 1. Lottery tickets or shares may be distributed by
17 39 the authority for promotional purposes.

17 40 2. A ticket or share shall not be sold at a price
17 41 other than that fixed by the authority and a sale
17 42 shall not be made other than by a retailer or an
17 43 employee of the retailer who is authorized by the
17 44 retailer to sell tickets or shares. A person who
17 45 violates a provision of this subsection is guilty of a
17 46 simple misdemeanor.

17 47 3. A ticket or share shall not be sold to a person
17 48 who has not reached the age of twenty-one. Any person
17 49 who knowingly sells a lottery ticket or share to a
17 50 person under the age of twenty-one shall be guilty of
18 1 a simple misdemeanor. It shall be an affirmative
18 2 defense to a charge of a violation under this section
18 3 that the retailer reasonably and in good faith relied
18 4 upon presentation of proof of age in making the sale.
18 5 A prize won by a person who has not reached the age of
18 6 twenty-one but who purchases a winning ticket or share
18 7 in violation of this subsection shall be forfeited.
18 8 This section does not prohibit the lawful purchase of
18 9 a ticket or share for the purpose of making a gift to
18 10 a person who has not reached the age of twenty-one.
18 11 The board shall adopt administrative rules governing
18 12 the payment of prizes to persons who have not reached
18 13 the age of twenty-one.

18 14 4. Except for the authority, a retailer shall only
18 15 sell lottery products on the licensed premises and not
18 16 through the mail or by technological means except as
18 17 the authority may provide or authorize.

18 18 5. The retailer may accept payment by cash, check,
18 19 money order, debit card, or electronic funds transfer.
18 20 The retailer shall not extend or arrange credit for
18 21 the purchase of a ticket or share. As used in this
18 22 subsection, "cash" means United States currency.

18 23 6. Nothing in this chapter shall be construed to
18 24 prohibit the authority from designating certain of its
18 25 agents and employees to sell or give lottery tickets
18 26 or shares directly to the public.

18 27 7. No elected official's name shall be printed on
18 28 tickets.

18 29 Sec. ____ NEW SECTION. 99G.31 PRIZES.

18 30 1. The chief executive officer shall award the
18 31 designated prize to the ticket or shareholder upon
18 32 presentation of the winning ticket or confirmation of
18 33 a winning share. The prize shall be given to only one
18 34 person; however, a prize shall be divided between
18 35 holders of winning tickets if there is more than one

18 36 winning ticket.

18 37 2. The authority shall adopt administrative rules,
18 38 policies, and procedures to establish a system of
18 39 verifying the validity of tickets or shares claimed to
18 40 win prizes and to effect payment of such prizes,
18 41 subject to the following requirements:

18 42 a. The prize shall be given to the person who
18 43 presents a winning ticket. A prize may be given to
18 44 only one person per winning ticket. However, a prize
18 45 shall be divided between holders of winning tickets if
18 46 there is more than one winning ticket. Payment of a
18 47 prize may be made to the estate of a deceased prize
18 48 winner or to another person pursuant to an appropriate
18 49 judicial order issued by an Iowa court of competent
18 50 jurisdiction.

19 1 b. A prize shall not be paid arising from claimed
19 2 tickets that are stolen, counterfeit, altered,
19 3 fraudulent, unissued, produced or issued in error,
19 4 unreadable, not received, or not recorded by the
19 5 authority within applicable deadlines; lacking in
19 6 captions that conform and agree with the play symbols
19 7 as appropriate to the particular lottery game
19 8 involved; or not in compliance with such additional
19 9 specific administrative rules, policies, and public or
19 10 confidential validation and security tests of the
19 11 authority appropriate to the particular lottery game
19 12 involved.

19 13 c. No particular prize in any lottery game shall
19 14 be paid more than once, and in the event of a
19 15 determination that more than one claimant is entitled
19 16 to a particular prize, the sole remedy of such
19 17 claimants is the award to each of them of an equal
19 18 share in the prize.

19 19 d. Unclaimed prize money for the prize on a
19 20 winning ticket or share shall be retained for a period
19 21 deemed appropriate by the chief executive officer,
19 22 subject to approval by the board. If a valid claim is
19 23 not made for the money within the applicable period,
19 24 the unclaimed prize money shall be added to the pool
19 25 from which future prizes are to be awarded or used for
19 26 special prize promotions. Notwithstanding this
19 27 subsection, the disposition of unclaimed prize money
19 28 from multijurisdictional games shall be made in
19 29 accordance with the rules of the multijurisdictional
19 30 game.

19 31 e. No prize shall be paid upon a ticket or share
19 32 purchased or sold in violation of this chapter. Any
19 33 such prize shall constitute an unclaimed prize for
19 34 purposes of this section.

19 35 f. The authority is discharged of all liability
19 36 upon payment of a prize pursuant to this section.

19 37 g. No ticket or share issued by the authority
19 38 shall be purchased by and no prize shall be paid to
19 39 any member of the board of directors; any officer or
19 40 employee of the authority; or to any spouse, child,
19 41 brother, sister, or parent residing as a member of the
19 42 same household in the principal place of residence of
19 43 any such person.

19 44 h. No ticket or share issued by the authority
19 45 shall be purchased by and no prize shall be paid to
19 46 any officer, employee, agent, or subcontractor of any
19 47 vendor or to any spouse, child, brother, sister, or
19 48 parent residing as a member of the same household in
19 49 the principal place of residence of any such person if
19 50 such officer, employee, agent, or subcontractor has
20 1 access to confidential information which may
20 2 compromise the integrity of the lottery.

20 3 i. The proceeds of any lottery prize shall be
20 4 subject to state and federal income tax laws. An
20 5 amount deducted from the prize for payment of a state
20 6 tax, pursuant to section 422.16, subsection 1, shall
20 7 be transferred by the authority to the department of
20 8 revenue and finance on behalf of the prize winner.

20 9 Sec. _____. NEW SECTION. 99G.32 AUTHORITY LEGAL
20 10 REPRESENTATION.

20 11 The authority shall retain the services of legal
20 12 counsel to advise the authority and the board and to
20 13 provide representation in legal proceedings. The
20 14 authority may retain the attorney general or a full-
20 15 time assistant attorney general in that capacity and
20 16 provide reimbursement for the cost of advising and

20 17 representing the board and the authority.

20 18 Sec. _____. NEW SECTION. 99G.33 LAW ENFORCEMENT
20 19 INVESTIGATIONS.

20 20 The department of public safety, division of
20 21 criminal investigation, shall be the primary state
20 22 agency responsible for investigating criminal
20 23 violations under this chapter. The chief executive
20 24 officer shall contract with the department of public
20 25 safety for investigative services, including the
20 26 employment of special agents and support personnel,
20 27 and procurement of necessary equipment to carry out
20 28 the responsibilities of the division of criminal
20 29 investigation under the terms of the agreement and
20 30 this chapter.

20 31 Sec. _____. NEW SECTION. 99G.34 OPEN RECORDS ==
20 32 EXCEPTIONS.

20 33 The records of the authority shall be governed by
20 34 the provisions of chapter 22, provided that, in
20 35 addition to records that may be kept confidential
20 36 pursuant to section 22.7, the following records shall
20 37 be kept confidential, unless otherwise ordered by a
20 38 court, by the lawful custodian of the records, or by
20 39 another person duly authorized to release such
20 40 information:

20 41 1. Marketing plans, research data, and proprietary
20 42 intellectual property owned or held by the authority
20 43 under contractual agreements.

20 44 2. Personnel, vendor, and player social security
20 45 or tax identification numbers.

20 46 3. Computer system hardware, software, functional
20 47 and system specifications, and game play data files.

20 48 4. Security records pertaining to investigations
20 49 and intelligence-sharing information between lottery
20 50 security officers and those of other lotteries and law
21 1 enforcement agencies, the security portions or
21 2 segments of lottery requests for proposals, proposals
21 3 by vendors to conduct lottery operations, and records
21 4 of the security division of the authority pertaining
21 5 to game security data, ticket validation tests, and
21 6 processes.

21 7 5. Player name and address lists, provided that
21 8 the names and addresses of prize winners shall not be
21 9 withheld.

21 10 6. Operational security measures, systems, or
21 11 procedures and building plans.

21 12 7. Security reports and other information
21 13 concerning bids or other contractual data, the
21 14 disclosure of which would impair the efforts of the
21 15 authority to contract for goods or services on
21 16 favorable terms.

21 17 8. Information that is otherwise confidential
21 18 obtained pursuant to investigations.

21 19 Sec. _____. NEW SECTION. 99G.35 SECURITY.

21 20 1. The authority's chief security officer and
21 21 investigators shall be qualified by training and
21 22 experience in law enforcement to perform their
21 23 respective duties in support of the activities of the
21 24 security office. The chief security officer and
21 25 investigators shall not have sworn peace officer
21 26 status. The lottery security office shall perform all
21 27 of the following activities in support of the
21 28 authority mission:

21 29 a. Supervise ticket or share validation and
21 30 lottery drawings, provided that the authority may
21 31 enter into cooperative agreements with
21 32 multijurisdictional lottery administrators for shared
21 33 security services at drawings and game show events
21 34 involving more than one participating lottery.

21 35 b. Inspect at times determined solely by the
21 36 authority the facilities of any vendor or lottery
21 37 retailer in order to determine the integrity of the
21 38 vendor's product or the operations of the retailer in
21 39 order to determine whether the vendor or the retailer
21 40 is in compliance with its contract.

21 41 c. Report any suspected violations of this chapter
21 42 to the appropriate county attorney or the attorney
21 43 general and to any law enforcement agencies having
21 44 jurisdiction over the violation.

21 45 d. Upon request, provide assistance to any county
21 46 attorney, the attorney general, the department of
21 47 public safety, or any other law enforcement agency.

21 48 e. Upon request, provide assistance to retailers
21 49 in meeting their licensing contract requirements and
21 50 in detecting retailer employee theft.
22 1 f. Monitor authority operations for compliance
22 2 with internal security requirements.
22 3 g. Provide physical security at the authority's
22 4 central operations facilities.
22 5 h. Conduct on=press product production
22 6 surveillance, testing, and quality approval for
22 7 printed scratch and pull=tab tickets.
22 8 i. Coordinate employee and retailer background
22 9 investigations conducted by the department of public
22 10 safety, division of criminal investigation.
22 11 2. The authority may enter into intelligence=
22 12 sharing, reciprocal use, or restricted use agreements
22 13 with the federal government, law enforcement agencies,
22 14 lottery regulation agencies, and gaming enforcement
22 15 agencies of other jurisdictions which provide for and
22 16 regulate the use of information provided and received
22 17 pursuant to the agreement.
22 18 3. Records, documents, and information in the
22 19 possession of the authority received pursuant to an
22 20 intelligence=sharing, reciprocal use, or restricted
22 21 use agreement entered into by the authority with a
22 22 federal department or agency, any law enforcement
22 23 agency, or the lottery regulation or gaming
22 24 enforcement agency of any jurisdiction shall be
22 25 considered investigative records of a law enforcement
22 26 agency and are not subject to chapter 22 and shall not
22 27 be released under any condition without the permission
22 28 of the person or agency providing the record or
22 29 information.
22 30 Sec. _____. NEW SECTION. 99G.36 FORGERY == FRAUD
22 31 == PENALTIES.
22 32 1. A person who, with intent to defraud, falsely
22 33 makes, alters, forges, utters, passes, redeems, or
22 34 counterfeits a lottery ticket or share or attempts to
22 35 falsely make, alter, forge, utter, pass, redeem, or
22 36 counterfeit a lottery ticket or share, or commits
22 37 theft or attempts to commit theft of a lottery ticket
22 38 or share, is guilty of a class "D" felony.
22 39 2. Any person who influences or attempts to
22 40 influence the winning of a prize through the use of
22 41 coercion, fraud, deception, or tampering with lottery
22 42 equipment or materials shall be guilty of a class "D"
22 43 felony.
22 44 3. No person shall knowingly or intentionally make
22 45 a material false statement in any application for a
22 46 license or proposal to conduct lottery activities or
22 47 make a material false entry in any book or record
22 48 which is compiled or maintained or submitted to the
22 49 board pursuant to the provisions of this chapter. Any
22 50 person who violates the provisions of this section
23 1 shall be guilty of a class "D" felony.
23 2 Sec. _____. NEW SECTION. 99G.37 COMPETITIVE
23 3 BIDDING.
23 4 1. The authority shall enter into a major
23 5 procurement contract pursuant to competitive bidding.
23 6 The requirement for competitive bidding does not apply
23 7 in the case of a single vendor having exclusive rights
23 8 to offer a particular service or product. The board
23 9 shall adopt procedures for competitive bidding.
23 10 Procedures adopted by the board shall be designed to
23 11 allow the selection of proposals that provide the
23 12 greatest long=term benefit to the state, the greatest
23 13 integrity for the authority, and the best service and
23 14 products for the public.
23 15 2. In any bidding process, the authority may
23 16 administer its own bidding and procurement or may
23 17 utilize the services of the department of general
23 18 services, or its successor, or other state agency.
23 19 Sec. _____. NEW SECTION. 99G.38 AUTHORITY FINANCE
23 20 == SELF=SUSTAINING.
23 21 1. The authority may borrow, or accept and expend,
23 22 in accordance with the provisions of this chapter,
23 23 such moneys as may be received from any source,
23 24 including income from the authority's operations, for
23 25 effectuating its business purposes, including the
23 26 payment of the initial expenses of initiation,
23 27 administration, and operation of the authority and the
23 28 lottery.

23 29 2. The authority shall be self=sustaining and
23 30 self=funded. Moneys in the general fund of the state
23 31 shall not be used or obligated to pay the expenses of
23 32 the authority or prizes of the lottery, and no claim
23 33 for the payment of an expense of the lottery or prizes
23 34 of the lottery may be made against any moneys other
23 35 than moneys credited to the authority operating
23 36 account.

23 37 3. The state of Iowa offset program, as provided
23 38 in section 421.17, shall be available to the authority
23 39 to facilitate receipt of funds owed to the authority.

23 40 Sec. _____. NEW SECTION. 99G.39 ALLOCATION,
23 41 APPROPRIATION, TRANSFER, AND REPORTING OF FUNDS.

23 42 1. Upon receipt of any revenue, the chief
23 43 executive officer shall deposit the moneys in the
23 44 lottery fund created pursuant to section 99G.40. At
23 45 least fifty percent of the projected annual revenue
23 46 accruing from the sale of tickets or shares shall be
23 47 allocated for payment of prizes to the holders of
23 48 winning tickets. After the payment of prizes, the
23 49 following shall be deducted from the authority's
23 50 revenue prior to disbursement:

24 1 a. An amount equal to three=tenths of one percent
24 2 of the gross lottery revenue for the year shall be
24 3 deposited in a gambling treatment fund in the office
24 4 of the treasurer of state.

24 5 b. The expenses of conducting the lottery.
24 6 Expenses for advertising production and media
24 7 purchases shall not exceed four percent of the
24 8 authority's gross revenue for the year.

24 9 2. The director of management shall not include
24 10 lottery revenues in the director's fiscal year revenue
24 11 estimates.

24 12 3. a. Notwithstanding subsection 1, if gaming
24 13 revenues under sections 99D.17 and 99F.11 are
24 14 insufficient in a fiscal year to meet the total amount
24 15 of such revenues directed to be deposited in the
24 16 vision Iowa fund and the school infrastructure fund
24 17 during the fiscal year pursuant to section 8.57,
24 18 subsection 5, paragraph "e", the difference shall be
24 19 paid from lottery revenues prior to deposit of the
24 20 lottery revenues in the general fund. If lottery
24 21 revenues are insufficient during the fiscal year to
24 22 pay the difference, the remaining difference shall be
24 23 paid from lottery revenues in subsequent fiscal years
24 24 as such revenues become available.

24 25 b. The treasurer of state shall, each quarter,
24 26 prepare an estimate of the gaming revenues and lottery
24 27 revenues that will become available during the
24 28 remainder of the appropriate fiscal year for the
24 29 purposes described in paragraph "a". The department
24 30 of management and the department of revenue and
24 31 finance shall take appropriate actions to provide that
24 32 the amount of gaming revenues and lottery revenues
24 33 that will be available during the remainder of the
24 34 appropriate fiscal year is sufficient to cover any
24 35 anticipated deficiencies.

24 36 Sec. _____. NEW SECTION. 99G.40 AUDITS AND REPORTS
24 37 == LOTTERY FUND.

24 38 1. To ensure the financial integrity of the
24 39 lottery, the authority shall do all of the following:

24 40 a. Submit quarterly and annual reports to the
24 41 governor, state auditor, and the general assembly
24 42 disclosing the total lottery revenues, prize
24 43 disbursements, and other expenses of the authority
24 44 during the reporting period. The fourth quarter
24 45 report shall be included in the annual report made
24 46 pursuant to this section. The annual report shall
24 47 include a complete statement of lottery revenues,
24 48 prize disbursements, and other expenses, and
24 49 recommendations for changes in the law that the chief
24 50 executive officer deems necessary or desirable. The
25 1 annual report shall be submitted within one hundred
25 2 twenty days after the close of the fiscal year. The
25 3 chief executive officer shall report immediately to
25 4 the governor, the treasurer of state, and the general
25 5 assembly any matters that require immediate changes in
25 6 the law in order to prevent abuses or evasions of this
25 7 chapter or rules adopted or to rectify undesirable
25 8 conditions in connection with the administration or
25 9 operation of the lottery.

25 10 b. Maintain weekly or more frequent records of
25 11 lottery transactions, including the distribution of
25 12 tickets or shares to retailers, revenues received,
25 13 claims for prizes, prizes paid, prizes forfeited, and
25 14 other financial transactions of the authority.
25 15 c. The authority shall deposit in the lottery fund
25 16 created in subsection 2 any moneys received by
25 17 retailers from the sale of tickets or shares less the
25 18 amount of any compensation due the retailers. The
25 19 chief executive officer may require licensees to file
25 20 with the authority reports of receipts and
25 21 transactions in the sale of tickets or shares. The
25 22 reports shall be in the form and contain the
25 23 information the chief executive officer requires.

25 24 2. A lottery fund is created in the office of the
25 25 treasurer of state and shall exist as the recipient
25 26 fund for authority receipts. The fund consists of all
25 27 revenues received from the sale of lottery tickets or
25 28 shares and all other moneys lawfully credited or
25 29 transferred to the fund. The chief executive officer
25 30 shall certify quarterly that portion of the fund that
25 31 has been transferred to the general fund of the state
25 32 under this chapter and shall cause that portion to be
25 33 transferred to the general fund of the state.
25 34 However, upon the request of the chief executive
25 35 officer and subject to the approval by the treasurer
25 36 of state, an amount sufficient to cover the
25 37 foreseeable administrative expenses of the lottery for
25 38 a period of twenty-one days may be retained from the
25 39 lottery fund. Prior to the quarterly transfer to the
25 40 general fund of the state, the chief executive officer
25 41 may direct that lottery revenue shall be deposited in
25 42 the lottery fund and in interest-bearing accounts
25 43 designated by the treasurer of state. Interest or
25 44 earnings paid on the deposits or investments is
25 45 considered lottery revenue and shall be transferred to
25 46 the general fund of the state in the same manner as
25 47 other lottery revenue.

25 48 3. The chief executive officer shall certify
25 49 before the last day of the month following each
25 50 quarter that portion of the lottery fund resulting
26 1 from the previous quarter's sales to be transferred to
26 2 the general fund of the state.

26 3 4. For informational purposes only, the chief
26 4 executive officer shall submit to the department of
26 5 management by October 1 of each year a proposed
26 6 operating budget for the authority for the succeeding
26 7 fiscal year. This budget proposal shall also be
26 8 accompanied by an estimate of the net proceeds to be
26 9 deposited into the general fund during the succeeding
26 10 fiscal year. This budget shall be on forms prescribed
26 11 by the department of management.

26 12 5. The authority shall adopt the same fiscal year
26 13 as that used by state government and shall be audited
26 14 annually.

26 15 Sec. _____. NEW SECTION. 99G.41 PRIZE OFFSETS ==
26 16 GARNISHMENTS.

26 17 1. Any claimant agency may submit to the authority
26 18 a list of the names of all persons indebted to such
26 19 claimant agency or to persons on whose behalf the
26 20 claimant agency is acting. The full amount of the
26 21 debt shall be collectable from any lottery winnings
26 22 due the debtor without regard to limitations on the
26 23 amounts that may be collectable in increments through
26 24 garnishment or other proceedings. Such list shall
26 25 constitute a valid lien upon and claim of lien against
26 26 the lottery winnings of any debtor named in such list.
26 27 The list shall contain the names of the debtors, their
26 28 social security numbers if available, and any other
26 29 information that assists the authority in identifying
26 30 the debtors named in the list.

26 31 2. The authority is authorized and directed to
26 32 withhold any winnings paid out directly by the
26 33 authority subject to the lien created by this section
26 34 and send notice to the winner. However, if the winner
26 35 appears and claims winnings in person, the authority
26 36 shall notify the winner at that time by hand delivery
26 37 of such action. The authority shall pay the funds
26 38 over to the agency administering the offset program.

26 39 3. Notwithstanding the provisions of section
26 40 99G.34 which prohibit disclosure by the authority of

26 41 certain portions of the contents of prize winner
26 42 records or information, and notwithstanding any other
26 43 confidentiality statute, the authority may provide to
26 44 a claimant agency all information necessary to
26 45 accomplish and effectuate the intent of this section.
26 46 4. The information obtained by a claimant agency
26 47 from the authority in accordance with this section
26 48 shall retain its confidentiality and shall only be
26 49 used by a claimant agency in the pursuit of its debt
26 50 collection duties and practices. Any employee or
27 1 prior employee of any claimant agency who unlawfully
27 2 discloses any such information for any other purpose,
27 3 except as otherwise specifically authorized by law,
27 4 shall be subject to the same penalties specified by
27 5 law for unauthorized disclosure of confidential
27 6 information by an agent or employee of the authority.
27 7 5. Except as otherwise provided in this chapter,
27 8 attachments, garnishments, or executions authorized
27 9 and issued pursuant to law shall be withheld if timely
27 10 served upon the authority.
27 11 6. The provisions of this section shall only apply
27 12 to prizes paid directly by the authority and shall not
27 13 apply to any retailers authorized by the board to pay
27 14 prizes of up to six hundred dollars after deducting
27 15 the price of the ticket or share.
27 16 Sec. _____. NEW SECTION. 99G.42 COMPULSIVE
27 17 GAMBLERS == PRINTING ON TICKETS == INFORMATION AT
27 18 RETAIL OUTLETS.
27 19 The authority shall cooperate with the gambling
27 20 treatment program administered by the Iowa department
27 21 of public health to incorporate information regarding
27 22 the gambling treatment program and its toll-free
27 23 telephone number in printed materials distributed by
27 24 the authority.
27 25 Sec. _____. Section 7E.5, subsection 1, paragraph d,
27 26 Code 2003, is amended to read as follows:
27 27 d. The department of revenue and finance, created
27 28 in section 421.2, which has primary responsibility for
27 29 revenue collection and revenue law compliance, and
27 30 financial management and assistance, ~~and the Iowa~~
27 31 ~~lottery.~~
27 32 Sec. _____. Section 7E.6, subsection 3, Code 2003,
27 33 is amended to read as follows:
27 34 3. Any position of membership on the ~~lottery~~ board
27 35 of the Iowa lottery authority shall receive
27 36 compensation of fifty dollars per day and expenses.
27 37 Sec. _____. Section 8.22A, subsection 5, paragraph
27 38 a, Code 2003, is amended to read as follows:
27 39 a. The amount of lottery revenues for the
27 40 following fiscal year to be available for disbursement
27 41 following the deductions made pursuant to section
27 42 ~~99E.10 99G.39~~, subsection 1.
27 43 Sec. _____. Section 8.57, subsection 5, paragraph e,
27 44 unnumbered paragraph 2, Code 2003, is amended to read
27 45 as follows:
27 46 If the total amount of moneys directed to be
27 47 deposited in the general fund of the state under
27 48 sections 99D.17 and 99F.11 in a fiscal year is less
27 49 than the total amount of moneys directed to be
27 50 deposited in the vision Iowa fund and the school
28 1 infrastructure fund in the fiscal year pursuant to
28 2 this paragraph "e", the difference shall be paid from
28 3 lottery revenues in the manner provided in section
28 4 ~~99E.10 99G.39~~, subsection 3.
28 5 Sec. _____. Section 68B.35, subsection 2, paragraph
28 6 e, Code 2003, is amended to read as follows:
28 7 e. Members of the banking board, the ethics and
28 8 campaign disclosure board, the credit union review
28 9 board, the economic development board, the employment
28 10 appeal board, the environmental protection commission,
28 11 the health facilities council, the Iowa finance
28 12 authority, the Iowa public employees' retirement
28 13 system investment board, the ~~lottery~~ board of the Iowa
28 14 lottery authority, the natural resource commission,
28 15 the board of parole, the petroleum underground storage
28 16 tank fund board, the public employment relations
28 17 board, the state racing and gaming commission, the
28 18 state board of regents, the tax review board, the
28 19 transportation commission, the office of consumer
28 20 advocate, the utilities board, the Iowa
28 21 telecommunications and technology commission, and any

28 22 full-time members of other boards and commissions as
28 23 defined under section 7E.4 who receive an annual
28 24 salary for their service on the board or commission.
28 25 Sec. _____. Section 99A.10, Code 2003, is amended to
28 26 read as follows:
28 27 99A.10 MANUFACTURE AND DISTRIBUTION OF GAMBLING
28 28 DEVICES PERMITTED.
28 29 A person may manufacture or act as a distributor
28 30 for gambling devices for sale out of the state in
28 31 another jurisdiction where possession of the device is
28 32 legal or for sale in the state or use in the state if
28 33 the use is permitted pursuant to either chapter 99B or
28 34 chapter ~~99F~~ 99G.
28 35 Sec. _____. Section 99B.1, subsection 17, Code 2003,
28 36 is amended to read as follows:
28 37 17. "Merchandise" includes lottery tickets or
28 38 shares sold or authorized under chapter ~~99F~~ 99G. The
28 39 value of the ticket or share is the price of the
28 40 ticket or share as established by the lottery division
28 41 of the department of revenue and finance pursuant to
28 42 chapter ~~99F~~ 99G.
28 43 Sec. _____. Section 99B.6, subsection 5, Code 2003,
28 44 is amended to read as follows:
28 45 5. Lottery tickets or shares authorized pursuant
28 46 to chapter ~~99F~~ 99G may be sold on the premises of an
28 47 establishment that serves or sells alcoholic
28 48 beverages, wine, or beer as defined in section 123.3.
28 49 Sec. _____. Section 99B.7, subsection 1, paragraph
28 50 1, subparagraph (1), Code 2003, is amended to read as
29 1 follows:
29 2 (1) No other gambling is engaged in at the same
29 3 location, except that lottery tickets or shares issued
29 4 by the lottery division of the department of revenue
29 5 and finance may be sold pursuant to chapter ~~99F~~ 99G.
29 6 Sec. _____. Section 99B.15, Code 2003, is amended to
29 7 read as follows:
29 8 99B.15 APPLICABILITY OF CHAPTER == PENALTY.
29 9 It is the intent and purpose of this chapter to
29 10 authorize gambling in this state only to the extent
29 11 specifically permitted by a section of this chapter or
29 12 chapter 99D, ~~99F, or 99F, or 99G~~. Except as otherwise
29 13 provided in this chapter, the knowing failure of any
29 14 person to comply with the limitations imposed by this
29 15 chapter constitutes unlawful gambling, a serious
29 16 misdemeanor.
29 17 Sec. _____. Section 99F.2, Code 2003, is amended to
29 18 read as follows:
29 19 99F.2 SCOPE OF PROVISIONS.
29 20 This chapter does not apply to the pari-mutuel
29 21 system of wagering used or intended to be used in
29 22 connection with the horse-race or dog-race meetings as
29 23 authorized under chapter 99D, lottery or lotto games
29 24 authorized under chapter ~~99F~~ 99G, or bingo or games of
29 25 skill or chance authorized under chapter 99B.
29 26 Sec. _____. Section 99F.11, subsection 3, Code 2003,
29 27 is amended to read as follows:
29 28 3. Three-tenths of one percent of the adjusted
29 29 gross receipts shall be deposited in the gambling
29 30 treatment fund specified in section ~~99F.10~~ 99G.39,
29 31 subsection 1, paragraph "a".
29 32 Sec. _____. Section 123.49, subsection 2, paragraph
29 33 a, Code 2003, is amended to read as follows:
29 34 a. Knowingly permit any gambling, except in
29 35 accordance with chapter 99B, 99D, ~~99F, or 99F, or 99G~~,
29 36 or knowingly permit solicitation for immoral purposes,
29 37 or immoral or disorderly conduct on the premises
29 38 covered by the license or permit.
29 39 Sec. _____. Section 321.19, subsection 1, unnumbered
29 40 paragraph 2, Code 2003, is amended to read as follows:
29 41 The department shall furnish, on application, free
29 42 of charge, distinguishing plates for vehicles thus
29 43 exempted, which plates except plates on Iowa state
29 44 patrol vehicles shall bear the word "official" and the
29 45 department shall keep a separate record. Registration
29 46 plates issued for Iowa state patrol vehicles, except
29 47 unmarked patrol vehicles, shall bear two red stars on
29 48 a yellow background, one before and one following the
29 49 registration number on the plate, which registration
29 50 number shall be the officer's badge number.
30 1 Registration plates issued for county sheriff's patrol
30 2 vehicles shall display one seven-pointed gold star

30 3 followed by the letter "S" and the call number of the
30 4 vehicle. However, the director of general services or
30 5 the director of transportation may order the issuance
30 6 of regular registration plates for any exempted
30 7 vehicle used by peace officers in the enforcement of
30 8 the law, persons enforcing chapter 124 and other laws
30 9 relating to controlled substances, persons in the
30 10 department of justice, the alcoholic beverages
30 11 division of the department of commerce, disease
30 12 investigators of the Iowa department of public health,
30 13 the department of inspections and appeals, and the
30 14 department of revenue and finance, who are regularly
30 15 assigned to conduct investigations which cannot
30 16 reasonably be conducted with a vehicle displaying
30 17 "official" state registration plates, persons in the
30 18 ~~Iowa lottery division of the department of revenue and~~
~~30 19 finance authority~~ whose regularly assigned duties
30 20 relating to security or the carrying of lottery
30 21 tickets cannot reasonably be conducted with a vehicle
30 22 displaying "official" registration plates, and persons
30 23 in the department of economic development who are
30 24 regularly assigned duties relating to existing
30 25 industry expansion or business attraction. For
30 26 purposes of sale of exempted vehicles, the exempted
30 27 governmental body, upon the sale of the exempted
30 28 vehicle, may issue for in-transit purposes a
30 29 pasteboard card bearing the words "Vehicle in
30 30 Transit", the name of the official body from which the
30 31 vehicle was purchased, together with the date of the
30 32 purchase plainly marked in at least one-inch letters,
30 33 and other information required by the department. The
30 34 in-transit card is valid for use only within forty=
30 35 eight hours after the purchase date as indicated on
30 36 the bill of sale which shall be carried by the driver.
30 37 Sec. _____. Section 421.17, subsection 27, Code
30 38 2003, is amended by striking the subsection.
30 39 Sec. _____. Section 422.16, subsection 1, unnumbered
30 40 paragraph 4, Code 2003, is amended to read as follows:
30 41 For the purposes of this subsection, state income
30 42 tax shall be withheld on winnings in excess of six
30 43 hundred dollars derived from gambling activities
30 44 authorized under chapter 99B or ~~99F~~ 99G. State income
30 45 tax shall be withheld on winnings in excess of one
30 46 thousand dollars from gambling activities authorized
30 47 under chapter 99D. State income tax shall be withheld
30 48 on winnings in excess of twelve hundred dollars
30 49 derived from slot machines authorized under chapter
30 50 99F.
31 1 Sec. _____. Section 422.43, subsection 2, Code 2003,
31 2 is amended to read as follows:
31 3 2. There is imposed a tax of five percent upon the
31 4 gross receipts derived from the operation of all forms
31 5 of amusement devices and games of skill, games of
31 6 chance, raffles, and bingo games as defined in chapter
31 7 99B, operated or conducted within the state, the tax
31 8 to be collected from the operator in the same manner
31 9 as for the collection of taxes upon the gross receipts
31 10 of tickets or admission as provided in this section.
~~31 11 The tax shall also be imposed upon the gross receipts~~
~~31 12 derived from the sale of lottery tickets or shares~~
~~31 13 pursuant to chapter 99E. The tax on the lottery~~
~~31 14 tickets or shares shall be included in the sales price~~
~~31 15 and distributed to the general fund as provided in~~
~~31 16 section 99E.10.~~
31 17 Sec. _____. Section 422B.8, unnumbered paragraph 1,
31 18 Code 2003, is amended to read as follows:
31 19 A local sales and services tax at the rate of not
31 20 more than one percent may be imposed by a county on
31 21 the gross receipts taxed by the state under chapter
31 22 422, division IV. A local sales and services tax
31 23 shall be imposed on the same basis as the state sales
31 24 and services tax or in the case of the use of natural
31 25 gas, natural gas service, electricity, or electric
31 26 service on the same basis as the state use tax and
31 27 shall not be imposed on the sale of any property or on
31 28 any service not taxed by the state, except the tax
31 29 shall not be imposed on the gross receipts from the
31 30 sale of motor fuel or special fuel as defined in
31 31 chapter 452A which is consumed for highway use or in
31 32 watercraft or aircraft if the fuel tax is paid on the
31 33 transaction and a refund has not or will not be

31 34 allowed, on the gross receipts from the rental of
31 35 rooms, apartments, or sleeping quarters which are
31 36 taxed under chapter 422A during the period the hotel
31 37 and motel tax is imposed, on the gross receipts from
31 38 the sale of equipment by the state department of
31 39 transportation, on the gross receipts from the sale of
31 40 self-propelled building equipment, pile drivers,
31 41 motorized scaffolding, or attachments customarily
31 42 drawn or attached to self-propelled building
31 43 equipment, pile drivers, and motorized scaffolding,
31 44 including auxiliary attachments which improve the
31 45 performance, safety, operation, or efficiency of the
31 46 equipment and replacement parts and are directly and
31 47 primarily used by contractors, subcontractors, and
31 48 builders for new construction, reconstruction,
31 49 alterations, expansion, or remodeling of real property
31 50 or structures, and on the gross receipts from the sale
32 1 of a lottery ticket or share in a lottery game
32 2 conducted pursuant to chapter ~~99F~~ 99G and except the
32 3 tax shall not be imposed on the gross receipts from
32 4 the sale or use of natural gas, natural gas service,
32 5 electricity, or electric service in a city or county
32 6 where the gross receipts from the sale of natural gas
32 7 or electric energy are subject to a franchise fee or
32 8 user fee during the period the franchise or user fee
32 9 is imposed. A local sales and services tax is
32 10 applicable to transactions within those incorporated
32 11 and unincorporated areas of the county where it is
32 12 imposed and shall be collected by all persons required
32 13 to collect state gross receipts taxes. However, a
32 14 person required to collect state retail sales tax
32 15 under chapter 422, division IV, is not required to
32 16 collect local sales and services tax on transactions
32 17 delivered within the area where the local sales and
32 18 services tax is imposed unless the person has physical
32 19 presence in that taxing area. All cities contiguous
32 20 to each other shall be treated as part of one
32 21 incorporated area and the tax would be imposed in each
32 22 of those contiguous cities only if the majority of
32 23 those voting in the total area covered by the
32 24 contiguous cities favor its imposition.
32 25 Sec. _____. Section 422E.3, subsection 2, Code 2003,
32 26 is amended to read as follows:
32 27 2. The tax shall be imposed on the same basis as
32 28 the state sales and services tax or in the case of the
32 29 use of natural gas, natural gas service, electricity,
32 30 or electric service on the same basis as the state use
32 31 tax and shall not be imposed on the sale of any
32 32 property or on any service not taxed by the state,
32 33 except the tax shall not be imposed on the gross
32 34 receipts from the sale of motor fuel or special fuel
32 35 as defined in chapter 452A which is consumed for
32 36 highway use or in watercraft or aircraft if the fuel
32 37 tax is paid on the transaction and a refund has not or
32 38 will not be allowed, on the gross receipts from the
32 39 rental of rooms, apartments, or sleeping quarters
32 40 which are taxed under chapter 422A during the period
32 41 the hotel and motel tax is imposed, on the gross
32 42 receipts from the sale of equipment by the state
32 43 department of transportation, on the gross receipts
32 44 from the sale of self-propelled building equipment,
32 45 pile drivers, motorized scaffolding, or attachments
32 46 customarily drawn or attached to self-propelled
32 47 building equipment, pile drivers, and motorized
32 48 scaffolding, including auxiliary attachments which
32 49 improve the performance, safety, operation, or
32 50 efficiency of the equipment, and replacement parts and
33 1 are directly and primarily used by contractors,
33 2 subcontractors, and builders for new construction,
33 3 reconstruction, alterations, expansion, or remodeling
33 4 of real property or structures, and on the gross
33 5 receipts from the sale of a lottery ticket or share in
33 6 a lottery game conducted pursuant to chapter ~~99F~~ 99G
33 7 and except the tax shall not be imposed on the gross
33 8 receipts from the sale or use of natural gas, natural
33 9 gas service, electricity, or electric service in a
33 10 city or county where the gross receipts from the sale
33 11 of natural gas or electric energy are subject to a
33 12 franchise fee or user fee during the period the
33 13 franchise or user fee is imposed.
33 14 Sec. _____. Section 537A.4, unnumbered paragraph 2,

33 15 Code 2003, is amended to read as follows:
33 16 This section does not apply to a contract for the
33 17 operation of or for the sale or rental of equipment
33 18 for games of skill or games of chance, if both the
33 19 contract and the games are in compliance with chapter
33 20 99B. This section does not apply to wagering under
33 21 the pari-mutuel method of wagering authorized by
33 22 chapter 99D. This section does not apply to the sale,
33 23 purchase or redemption of a ticket or share in the
33 24 state lottery in compliance with chapter ~~99E~~ 99G.
33 25 This section does not apply to wagering under the
33 26 excursion boat gambling method of wagering authorized
33 27 by chapter 99F. This section does not apply to the
33 28 sale, purchase, or redemption of any ticket or similar
33 29 gambling device legally purchased in Indian lands
33 30 within this state.
33 31 Sec. _____. Section 714B.10, subsection 1, Code
33 32 2003, is amended to read as follows:
33 33 1. Advertising by sponsors registered pursuant to
33 34 chapter 557B, licensed pursuant to chapter 99B, or
33 35 regulated pursuant to chapter 99D, ~~99E, or 99F, or~~
33 36 99G.
33 37 Sec. _____. Section 725.9, subsection 5, Code 2003,
33 38 is amended to read as follows:
33 39 5. This chapter does not prohibit the possession
33 40 of gambling devices by a manufacturer or distributor
33 41 if the possession is solely for sale out of the state
33 42 in another jurisdiction where possession of the device
33 43 is legal or for sale in the state or use in the state
33 44 if the use is licensed pursuant to either chapter 99B
33 45 or chapter ~~99E~~ 99G.
33 46 Sec. _____. Section 725.15, Code 2003, is amended to
33 47 read as follows:
33 48 725.15 EXCEPTIONS FOR LEGAL GAMBLING.
33 49 Sections 725.5 to 725.10 and 725.12 do not apply to
33 50 a game, activity, ticket, or device when lawfully
34 1 possessed, used, conducted, or participated in
34 2 pursuant to chapter 99B, ~~99E, or 99F, or 99G~~.
34 3 Sec. _____. Chapter 99E, Code 2003, is repealed.
34 4 Sec. _____. IOWA LOTTERY AUTHORITY == TRANSITION
34 5 PROVISIONS.
34 6 1. For purposes of this section, unless the
34 7 context otherwise requires:
34 8 a. "Iowa lottery authority" means the Iowa lottery
34 9 authority as created in this Act pursuant to chapter
34 10 99G.
34 11 b. "Iowa lottery board" means the five-member
34 12 board established pursuant to 1985 Iowa Acts, chapter
34 13 33, section 105.
34 14 c. "Lottery division" means the lottery division
34 15 of the department of revenue and finance established
34 16 pursuant to 1985 Iowa Acts, chapter 33, section 103.
34 17 2. The Iowa lottery authority shall be the legal
34 18 successor to the lottery division and, as such, shall
34 19 assume all rights, privileges, obligations, and
34 20 responsibilities of the lottery division. The
34 21 promulgated rules of the lottery division shall remain
34 22 in full force and effect as the rules of the authority
34 23 until amended or repealed by the authority. In
34 24 addition, the Iowa lottery authority may continue the
34 25 security practices and procedures utilized by the
34 26 lottery division until amended or repealed by the
34 27 authority.
34 28 3. The Iowa lottery authority is created effective
34 29 at 12:01 a.m. on September 1, 2003, upon which date
34 30 and time the authority shall become the legal
34 31 successor to the lottery division. Until the
34 32 aforesaid date and time, no business shall be
34 33 conducted by the authority on behalf of the lottery,
34 34 provided, however, that the Iowa lottery commissioner
34 35 and Iowa lottery board shall implement such measures
34 36 as are appropriate to ensure a smooth transition from
34 37 the agency to the Iowa lottery authority as of the
34 38 effective date of succession.
34 39 4. Notwithstanding any provision of chapter 99G,
34 40 as created by this Act, to the contrary, the
34 41 commissioner of the Iowa lottery established pursuant
34 42 to 1985 Iowa Acts, chapter 33, section 103, as amended
34 43 by 1986 Iowa Acts, chapter 1245, section 404, shall
34 44 serve as the initial chief executive officer of the
34 45 Iowa lottery authority. In addition, notwithstanding

34 46 any provision of section 99G.9, as created by this
34 47 Act, to the contrary, the term of office for the chief
34 48 executive officer of the Iowa lottery authority as of
34 49 September 1, 2003, shall end April 30, 2008.

34 50 5. Notwithstanding any provision of chapter 99G,
35 1 as created by this Act, to the contrary, the initial
35 2 board of directors of the Iowa lottery authority shall
35 3 consist of the duly appointed and confirmed members of
35 4 the Iowa lottery board serving at the date of
35 5 succession. Said board members shall serve as members
35 6 of the Iowa lottery authority's board of directors
35 7 throughout the remainder of their respective Iowa
35 8 lottery board terms, subject to earlier resignation or
35 9 removal from office for cause as provided by this Act.

35 10 6. Personnel of the lottery division employed on
35 11 September 1, 2003, shall transition to the Iowa
35 12 lottery authority as the initial authority employees.

35 13 7. Whereas the lottery division was authorized
35 14 only as a self-funded enterprise and except for an
35 15 initial appropriation for start-up expenses, funds of
35 16 the state have not been authorized for use or
35 17 obligation to pay the expenses or prizes of the
35 18 lottery division. The Iowa lottery authority shall
35 19 function as the legal successor to the lottery
35 20 division and shall assume all of the assets and
35 21 obligations of the lottery division, and funds of the
35 22 state shall not be used or obligated to pay the
35 23 expenses or prizes of the authority or its
35 24 predecessor, the lottery division.

35 25 8. In order to effect an immediate and efficient
35 26 transition of the lottery from the lottery division to
35 27 the Iowa lottery authority, as soon as practicable,
35 28 the Iowa lottery authority shall do all of the
35 29 following:

35 30 a. Take such steps and enter into such agreements
35 31 as the board of the Iowa lottery authority may
35 32 determine are necessary and proper in order to effect
35 33 the transfer, assignment, and delivery to the
35 34 authority from the state of all the tangible and
35 35 intangible assets constituting the lottery, including
35 36 the exclusive right to operate the lottery and the
35 37 assignment to and assumption by the authority of all
35 38 agreements, covenants, and obligations of the lottery
35 39 division and other agencies of the state, relating to
35 40 the operation and management of the lottery.

35 41 b. Receive as transferee from the state of Iowa
35 42 all of the tangible and intangible assets constituting
35 43 the lottery including, without limitation, the
35 44 exclusive authorization to operate a lottery in the
35 45 state of Iowa and ownership of annuities and bonds
35 46 purchased prior to the date of transfer and held in
35 47 the name of the Iowa lottery for payment of lottery
35 48 prizes, and shall assume and discharge all of the
35 49 agreements, covenants, and obligations of the lottery
35 50 division entered into and constituting part of the
36 1 operation and management of the lottery. In
36 2 consideration for such transfer and assumption, the
36 3 Iowa lottery authority shall transfer to the state all
36 4 net profits of the authority, at such times and
36 5 subject to such financial transfer requirements as are
36 6 provided in this Act.

36 7 c. Have perpetual succession as an instrumentality
36 8 of the state and a public authority.

36 9 9. Notwithstanding any provision of chapter 99G,
36 10 as created by this Act, to the contrary, the following
36 11 provisions shall apply to the Iowa lottery authority:

36 12 a. Moneys appropriated from the lottery fund to
36 13 the department of revenue and finance, for
36 14 administration of the lottery for the fiscal year
36 15 beginning July 1, 2003, and unexpended prior to
36 16 September 1, 2003, shall be appropriated to the Iowa
36 17 lottery authority for operation of the lottery.

36 18 b. Of the moneys collected by the lottery division
36 19 and Iowa lottery authority for the fiscal year
36 20 beginning July 1, 2003, fifty-four million eight
36 21 hundred thousand dollars shall be transferred to the
36 22 general fund of the state.

36 23 c. Any authority for establishing the budget of
36 24 the Iowa lottery authority pursuant to chapter 99G, as
36 25 created by this Act, shall only apply for the fiscal
36 26 year beginning July 1, 2004, and each succeeding

36 27 fiscal year.
36 28 Sec. _____. EFFECTIVE DATE. This division of this
36 29 Act, creating the Iowa lottery authority, takes effect
36 30 September 1, 2003.>
36 31 [#2.](#) By renumbering as necessary.

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36 34 _____
36 35 JEFF LAMBERTI
36 36 SF 453.304 80
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